

Exhibit F

ETYS – D.I. 2201

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

<i>In re</i>	:	Chapter 11
	:	
ETOYS, INC., <i>et al.</i>	:	Case Number 01-706 (MFW)
	:	
	:	Jointly Administered
Debtors	:	
	:	Hearing Date: 3/8/2005 at 3:00 p.m.
	:	Objection Deadline: 3/4/2005 at 2:00 p.m.

**NOTICE OF MOTION**

**TO:** THE DEBTOR; THE POST EFFECTIVE DATE COMMITTEE; TRAUB  
BONACQUIST & FOX LLP; COLLATERAL LOGISTICS, INC.; ROBERT ALBER;  
AND GARY RAMSEY

The United States Trustee has filed a Motion to Approve Settlement of the United States Trustee's Motion for Entry of an Order Directing the Disgorgement of Fees Paid to Traub Bonacquist & Fox LLP for Services Rendered as Counsel to the Official Committee of Unsecured Creditors (the "Settlement Motion").

Responses to the Settlement Motion, if any, must be filed on or before March 4, 2005 at 2:00 p.m. (the "Objection Deadline") with the United States Bankruptcy Court for the District of Delaware, 3rd Floor, 824 Market Street, Wilmington, Delaware 19801.

At the same time, you must serve a copy of the response upon the undersigned counsel for the United States Trustee and upon counsel for Traub Bonacquist & Fox LLP.

A HEARING ON THE SETTLEMENT MOTION WILL BE HELD ON MARCH 8, 2005 AT 3:00 P.M. BEFORE THE HONORABLE MARY F. WALRATH, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT, COURTROOM 4, 824 MARKET STREET, FIFTH FLOOR, WILMINGTON, DELAWARE 19801.

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IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF DEMANDED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

**KELLY BEAUDIN STAPLETON  
UNITED STATES TRUSTEE**

Dated: February 24, 2005

**BY:** /s/ Mark S. Kenney  
Mark S. Kenney, Esquire  
Trial Attorney  
J. Caleb Boggs Federal Building  
844 King Street, Suite 2207, Lockbox 35  
Wilmington, DE 19801  
(302) 573-6491  
(302) 573-6497 (Fax)  
[mark.kenney@usdoj.gov](mailto:mark.kenney@usdoj.gov)

Counsel for Traub Bonacquist & Fox LLP.:

James L. Garrity, Esquire  
SHEARMAN & STERLING  
599 Lexington Avenue  
New York, NY 10022  
Fax (212) 848-7179  
[jgarrity@shearman.com](mailto:jgarrity@shearman.com)

Ronald R. Sussman, Esquire  
KRONISH LIEB WEINER &  
HELLMAN LLP  
1114 Avenue of the Americas  
New York, NY 10036  
Fax (212) 479-6275  
[rsussman@kronishlieb.com](mailto:rsussman@kronishlieb.com)

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re	:	Chapter 11
	:	
ETOYS, INC., <i>et al.</i>	:	Case Number 01-706 (MFW)
	:	
	:	Jointly Administered
Debtors	:	
	:	Hearing Date: 3/8/2005 at 3:00 p.m.
	:	Objection Deadline 3/4/2005 at 2:00 p.m.

**UNITED STATES TRUSTEE'S MOTION TO APPROVE SETTLEMENT OF  
MOTION FOR ORDER DIRECTING DISGORGEMENT OF FEES PAID TO  
TRAUB BONACQUIST & FOX LLP FOR SERVICES RENDERED AS  
COUNSEL TO OFFICIAL COMMITTEE OF UNSECURED CREDITORS (D.I. 2195)**

In support of her Motion to Approve Settlement of the United States Trustee's Motion for Entry of an Order Directing the Disgorgement of Fees Paid to Traub Bonacquist & Fox LLP for Services Rendered as Counsel to the Official Committee of Unsecured Creditors (the "Settlement Motion"), Kelly Beaudin Stapleton, the United States Trustee ("UST"), by undersigned counsel, avers:

1. This Court has jurisdiction to hear this Motion.
2. Pursuant to 28 U.S.C. § 586, the UST is charged with overseeing the administration of Chapter 11 cases filed in this judicial district. *See United States Trustee v. Columbia Gas Sys., Inc. (In re Columbia Gas Sys. Inc.)*, 33 F.3d 294, 295-96 (3d Cir. 1994) (noting that UST has "public interest standing" under 11 U.S.C. § 307, which goes beyond mere pecuniary interest); *Morgenstern v. Revco D.S., Inc. (In re Revco D.S., Inc.)*, 898 F.2d 498, 500 (6<sup>th</sup> Cir. 1990) (describing the UST as a "watchdog").
3. Pursuant to 11 U.S.C. § 307, the UST has standing to be heard on this Motion.

4. The UST and Traub Bonacquist & Fox LLP (“TBF”) have agreed to settle the UST’s Motion for Entry of an Order Directing the Disgorgement of Fees Paid to Traub Bonacquist & Fox LLP for Services Rendered as Counsel to the Official Committee of Unsecured Creditors (the Disgorgement Motion”) on the terms detailed in the proposed Stipulation of Settlement attached hereto and incorporated herein as Exhibit A.

5. Stipulations in bankruptcy are favored as a means of minimizing litigation, expediting the administration of the estate, and providing for the efficient resolution of bankruptcy cases. *In re Martin*, 91 F.3d 389, 393 (3d Cir. 1996); *In re Coram Healthcare Corp.*, 315 B.R. 321, 329 (Bankr. D. Del. 2004). A bankruptcy court should approve a stipulation if it is fair and equitable and is in the best interest of the estate. *In re Cajun Electric Power Cooperative, Inc.*, 119 F.3d 349, 355 (5<sup>th</sup> Cir. 1997). To make this determination, the court “must assess and balance the value of the claim that is being compromised against the value to the estate of the acceptance of the compromise proposal.” *Id.* at 356; *Martin, supra*, 91 F.3d at 393.

6. To approve a stipulation, the court must consider four criteria:
- (a) The probability of success in litigation;
  - (b) the likely difficulties in collection;
  - (c) the complexity of the litigation involved and the expense, inconvenience and attendant delay; and
  - (d) the paramount interest of the creditors.

*Martin, supra*, 91 F.3d at 393. In addition, given that the Disgorgement Motion is at its heart a motion for sanctions, the court should consider the deterrent value that will be derived from the

proposed settlement, *Pearson v. First NH Mortgage Corporation*, 200 F.3d 30, 42 & n. 7 (1<sup>st</sup> Cir. 1999) and whether approval of the settlement reflects the exercise of restraint and discretion and complies with principles of equity. *Matter of Olsen Indus., Inc.*, 222 B.R. 49, 62 (Bankr. Del. 1997).

7. The UST respectfully submits that upon consideration of all of the factors to be weighed in considering a settlement, and in light of the extensive and complex litigation that will ensue if the Stipulation of Settlement is not approved, the upon application of the foregoing criteria, the proposed Stipulation of Settlement is a reasonable and equitable compromise of the Disgorgement Motion. Moreover, approval would reflect the Court's exercise of restraint and discretion.

8. No prior request for the relief requested herein has been made to this or any other court.

9. Notice of this Motion has been provided to each of the persons upon whom the Disgorgement Motion was served.

WHEREFORE, the United States Trustee respectfully requests that this Court issue an order approving the Stipulation of Settlement.

Respectfully submitted,

**KELLY BEAUDIN STAPLETON**  
**UNITED STATES TRUSTEE**

Dated: February 24, 2005

BY: /s/ Mark S. Kenney  
Mark S. Kenney, Esquire  
Trial Attorney  
J. Caleb Boggs Federal Building  
844 King Street, Suite 2207, Lockbox 35  
Wilmington, DE 19801  
(302) 573-6491  
(302) 573-6497 (Fax)

# Exhibit A



UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

-----X

In re:	Chapter 11
ETOYS, INC., <u>et al.</u> ,	Case No. 01-706 (MFW)
Debtors.	Jointly Administered

-----X

**STIPULATION OF SETTLEMENT BETWEEN THE UNITED STATES TRUSTEE AND  
TRAUB BONACQUIST & FOX LLP OF MOTION FOR ENTRY OF ORDER  
DIRECTING DISGORGEMENT OF FEES PAID TO TRAUB BONACQUIST & FOX  
LLP FOR SERVICES RENDERED AS COUNSEL TO OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS**

**WHEREAS**, the United States Trustee has conducted due diligence in connection with the non-disclosures described in the *United States Trustee's Motion for Entry of Order Directing Disgorgement of Fees Paid to Traub Bonacquist & Fox LLP for Services Rendered as Counsel to Official Committee of Unsecured Creditors* (the "Motion"); and

**WHEREAS**, Traub Bonacquist & Fox LLP ("TBF") has cooperated in response to the United States Trustee's post-effective date inquiries regarding relationships between or among TBF, Asset Disposition Advisors LLC ("ADA") and Barry Gold between the commencement of this Chapter 11 case and the effective date of the confirmed eToys, Inc. Chapter 11 plan; and

**WHEREAS**, in TBF's pleading filed on January 25, 2005 at Docket No. 2171 (the "TBF Objection"), TBF made disclosures regarding the relationships between and among TBF, ADA and Barry Gold as they existed up to the effective date of the confirmed eToys, Inc. Chapter 11 plan, and TBF has amplified its disclosures in the depositions of two members of

TBF conducted on February 9, 2005 and hereby consents to the unsealing and filing of record of the transcripts of those depositions; and

**WHEREAS**, the United States Trustee shall not seek to compel TBF to make additional disclosures; and

**WHEREAS**, TBF and the United States Trustee agree that they enter into this Stipulation without admission of any kind by any party for any purpose as to any matter addressed in, relating to, or arising out of this Stipulation; and

**WHEREAS**, TBF does not admit or concede any of the factual allegations, characterizations, inferences or legal contentions asserted by the United States Trustee in the Motion except as specifically admitted or conceded in the TBF Objection or this Stipulation; and

**WHEREAS**, the United States Trustee agrees that the settlement herein does not constitute and shall not be construed as a finding in favor of the United States Trustee on any of the factual allegations, characterizations, inferences or legal contentions in the Motion; and

**WHEREAS**, the United States Trustee and TBF have agreed, subject to the Court's approval, upon a disgorgement by TBF of \$750,000 in settlement of the Motion; and

**WHEREAS**, this Stipulation is intended by TBF and the United States Trustee to be a complete and final resolution of the Motion upon the Court's approval hereof;

**NOW THEREFORE, SUBJECT TO COURT APPROVAL, IT IS HEREBY STIPULATED** as follows:

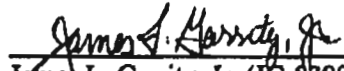
1. The recitations above are incorporated herein by reference.
2. In full and complete satisfaction of the Motion, TBF will disgorge, from sums previously awarded to it as compensation and expense reimbursement for services rendered, the sum of Seven Hundred Fifty Thousand dollars (\$750,000.00).

3. TBF will remit the foregoing amount to the reorganized debtor within 15 days of an order approving this stipulation.

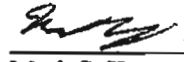
4. TBF will file with the Court an affidavit attesting that the foregoing amount has in fact been paid over to the reorganized debtor.

5. TBF will not challenge the timeliness or authority of the United States Trustee to file its Motion.

**TRAUB BONACQUIST & FOX LLP**

  
James L. Garrity, Jr. (JG-8389)  
SHEARMAN & STERLING LLP  
599 Lexington Avenue  
New York, NY 10022  
(212) 848-4000  
(212) 848-7179 - Fax

**KELLY BEAUDIN STAPLETON  
UNITED STATES TRUSTEE**

  
Mark S. Kenney, Esq.  
Trial Attorney  
J. Caleb Boggs Federal Building  
844 King Street, Suite 2207, Lockbox 35  
Wilmington, DE 19801  
(302) 573-6491  
(302) 573-6497 - Fax

-and-

Ronald R. Sussman (RS 0641)  
KRONISH LIEB WEINER & HELLMAN  
LLP  
1114 Avenue of the Americas  
New York, NY 10036  
(212) 479-6000  
(212) 479-6275 - Fax

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re	:	Chapter 11
	:	
ETOYS, INC., <i>et al.</i>	:	Case Number 01-706 (MFW)
	:	
	:	Jointly Administered
Debtors	:	
	:	Hearing Date: 3/8/2005 at 3:00 p.m.
	:	Objection Deadline: 2/28/2005 at 4:00 p.m.

**ORDER APPROVING SETTLEMENT OF UNITED STATES TRUSTEE'S MOTION  
FOR ENTRY OF ORDER DIRECTING DISGORGEMENT OF FEES PAID TO  
TRAUB BONACQUIST & FOX LLP FOR SERVICES RENDERED AS  
COUNSEL TO OFFICIAL COMMITTEE OF UNSECURED CREDITORS (D.I. 2195)**

AND NOW, upon consideration of the United States Trustee's Motion to Approve Settlement of Motion for the Entry of an Order Directing the Disgorgement of Fees Paid to Traub Bonacquist & Fox LLP ("TBF") for Services Rendered as Counsel to the Official Committee of Unsecured Creditors (the "Settlement Motion"), and after notice and a hearing thereon and good cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED that the Motion is GRANTED, and the Stipulation of Settlement attached as Exhibit A to the Settlement Motion is hereby approved.

Dated: Wilmington, Delaware  
\_\_\_\_\_, 2005

\_\_\_\_\_  
MARY F. WALRATH  
United States Bankruptcy Judge

**CERTIFICATE OF SERVICE**

I certify that, on February 24, 2005, I caused to be served a copy/copies of the United States Trustee's Motion to Approve Settlement of the United States Trustee's Motion for Entry of an Order Directing the Disgorgement of Fees Paid to Traub Bonacquist & Fox LLP for Services Rendered as Counsel to the Official Committee of Unsecured Creditors via facsimile and electronic mail on the following person(s):

Robert J. Dehney, Esquire  
Gregory W. Werkheiser, Esquire  
Michael G. Busenkell, Esquire  
MORRIS, NICHOLS, ARSHT &  
TUNNELL  
1201 North Market Street  
P.O. Box 1347  
Wilmington, DE 19899  
Fax (302) 658-3989  
[gwerkheiser@mnat.com](mailto:gwerkheiser@mnat.com)

Paul Traub, Esquire  
Michael S. Fox, Esquire  
TRAUB BONACQUIST & FOX, LLP  
655 Third Avenue  
New York, NY 10017  
Fax (212) 476-4787  
[ptraub@tbfesq.com](mailto:ptraub@tbfesq.com)

James L. Garrity, Esquire  
SHEARMAN & STERLING  
599 Lexington Avenue  
New York, NY 10022  
Fax (212) 848-7179  
[jgarrity@shearman.com](mailto:jgarrity@shearman.com)

Ronald R. Sussman, Esquire  
KRONISH LIEB WEINER &  
HELLMAN LLP  
1114 Avenue of the Americas  
New York, NY 10036  
Fax (212) 479-6275  
[rsussman@kronishlieb.com](mailto:rsussman@kronishlieb.com)

Frederick B. Rosner, Esquire  
JASPAN SCHLESSINGER HOFFMAN  
1201 N. Orange Street, Suite 1001  
Wilmington, DE 19801  
Fax (302) 351-8010  
[frosner@jshllp-de.com](mailto:frosner@jshllp-de.com)

Mark Minuti, Esquire  
SAUL EWING LLP  
222 Delaware Avenue  
P.O. Box 1266  
Wilmington, DE 19899-1266  
Fax (302) 421-6813  
[mminuti@saul.com](mailto:mminuti@saul.com)

Steven Haas  
Collateral Logistics, Inc.  
12901 Garden Grove Boulevard, Suite 101  
Garden Grove, CA 92843  
Fax (714) 539-7823  
[bhaass@aol.com](mailto:bhaass@aol.com)

I further certify that on February 24, 2005, I served copies of the foregoing Motion by Federal Express and electronic mail on the following person:

Robert K. Alber  
17685 DeWitt Avenue  
Morgan Hill, CA 95037  
[condo28@mail.com](mailto:condo28@mail.com)

I further certify that on February 24, 2005, I served copies of the foregoing Motion by Federal Express on the following person:

Gary L. Ramsey  
905 Juniper Drive  
O'Fallon, IL 62229

/s/ Delores A. Stump  
Delores A. Stump

Legal Clerk

Exhibit G

ETYS – D.I. 2202

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

<i>In re</i>	:	Chapter 11
	:	
ETOYS, INC., <i>et al.</i>	:	Case Number 01-706 (MFW)
	:	
	:	Jointly Administered
Debtors	:	
	:	Proposed Hearing Date: 3/8/05 at 3:00 p.m.
	:	Proposed Obj. Deadline: 3/4/2005 at 2:00 p.m.

**UNITED STATES TRUSTEE'S MOTION TO SHORTEN TIME, TO LIMIT  
NOTICE AND TO APPROVE FORM AND MANNER OF NOTICE IN  
CONNECTION WITH MOTION TO APPROVE SETTLEMENT OF MOTION  
FOR ORDER DIRECTING DISGORGEMENT OF FEES PAID TO TRAUB  
BONACQUIST & FOX LLP FOR SERVICES RENDERED AS COUNSEL  
TO OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

In support of her Motion to Shorten Time, to Limit Notice and to Approve Form and Manner of Notice (the "Motion to Shorten") in Connection with a Motion to Approve Settlement of the United States Trustee's Motion for Entry of an Order Directing the Disgorgement of Fees Paid to Traub Bonacquist & Fox LLP for Services Rendered as Counsel to the Official Committee of Unsecured Creditors, Kelly Beaudin Stapleton, the United States Trustee ("UST"), by undersigned counsel, avers:

1. Contemporaneously with this Motion to Shorten, the UST has filed a Motion to Approve Settlement of the United States Trustee's Motion for Entry of an Order Directing the Disgorgement of Fees Paid to Traub Bonacquist & Fox LLP for Services Rendered as Counsel to the Official Committee of Unsecured Creditors (the "Settlement Motion").

2. The Settlement Motion seeks approval of a stipulation for full and final settlement of the United States Trustee's Motion for Entry of an Order Directing the Disgorgement of Fees Paid to Traub Bonacquist & Fox LLP for Services Rendered as Counsel to the Official



Committee of Unsecured Creditors (the "Disgorgement Motion"). The Disgorgement Motion is presently scheduled to be heard at the omnibus hearing on March 8, 2005 at 3:00 p.m. The next omnibus hearing will not take place until April 6, 2005.

3. FED.R.BANKR.P. 9006(c)(1) provides in relevant part that "when an act is required or allowed to be done at or within a specified time by these rules or by a notice given thereunder or by order of court, the court for cause shown may in its discretion with or without motion or notice order the period reduced." FED.R.BANKR.P. 9006(c)(2) states that the Court may not reduce the time for taking action under certain other bankruptcy rules, none of which is applicable here.

4. FED.R.BANKR.P. 9007 permits the Court to designate the forma and manner in which notice shall be given, and the entities to be served with such notice.

5. The UST respectfully submits that because the Disgorgement Motion is already scheduled to be heard on March 8, 2005 and all parties having an interest in the subject matter of the Disgorgement Motion are already expected to attend the March 8, 2005 hearing, the interests of judicial economy and the convenience of the interested parties would be served by hearing the Settlement Motion on that date.

6. The UST further respectfully submits that service of the Settlement Motion upon each and every creditor and party in interest would require a mailing to numerous addresses at a significant expense. It is highly likely that the Settlement Motion, like the Disgorgement Motion, will be of interest to but a few parties, most notably, the reorganized Debtor, the Plan Administrator, the Post Effective Date Committee, Traub Bonacquist & Fox LLP, Collateral Logistics, Inc., Robert Alber and Gary Ramsey, being all of the persons (and their counsel) who were served with the Disgorgement Motion. The UST believes that notice by facsimile and

electronic mail where available, and by overnight courier where facsimile and electronic mail are not available, to all of the above-named parties will be sufficient under the circumstances for the entry of an order on the Settlement Motion.

**REQUEST TO APPROVE FORM OF NOTICE**

Additionally, the UST seeks an Order from this Court approving the attached form of notice of the Settlement Motion, which requires any objections to the Settlement Motion to be filed and served on or before March 4, 2005 at 2:00 p.m. and provides that (i) the Motion may be approved without further notice of hearing in the absence of a timely filed objection and (ii) a hearing on the Motion will be held on March 8, 2005 at 3:00 p.m.

**REQUEST TO SHORTEN NOTICE**

Additionally, the UST requests that the Court shorten the time for notice of the Settlement Motion to so that a hearing thereon can be held on March 8, 2005 at 3:00 p.m., the scheduled time and date for an omnibus hearing in this case. The UST respectfully submits that the shortened notice period still affords interested parties ample opportunity to analyze the Settlement Motion and, if necessary, to file responses or objections thereto.

WHEREFORE, the UST respectfully requests the entry of an order scheduling a hearing on the Settlement Motion for March 8, 2005 at 3:00 p.m., providing that shortened notice of the Settlement Motion shall be limited to those persons designated above, and approving the form of notice attached hereto.

Respectfully submitted,

**KELLY BEAUDIN STAPLETON**  
**UNITED STATES TRUSTEE**

Dated: February 24, 2005

**BY:** /s/ Mark S. Kenney  
Mark S. Kenney, Esquire  
Trial Attorney  
J. Caleb Boggs Federal Building  
844 King Street, Suite 2207, Lockbox 35  
Wilmington, DE 19801  
(302) 573-6491  
(302) 573-6497 (Fax)

SO ORDERED, this \_\_\_\_ day of February, 2005

MARY F. WALRATH  
United States Bankruptcy Judge